



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
LEWIS COUNTY CLERK**

**Calendar Year 2000**

**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
[WWW.KYAUDITOR.NET](http://WWW.KYAUDITOR.NET)**

**144 CAPITOL ANNEX  
FRANKFORT, KY 40601  
TELE. (502) 564-5841  
FAX (502) 564-2912**



## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE LEWIS COUNTY CLERK**

**Calendar Year 2000**

We have completed our audit of the Lewis County Clerk's 2000 fee account. The County Clerk maintained her records in an excellent manner that allowed us to efficiently complete the audit. The audit revealed no reportable internal control or compliance issues. The County Clerk's office generated excess fees of \$23,654, which represents net income of the office after paying all operating expenses for the year. The County Clerk has paid the entire amount of excess fees due to the Lewis County Fiscal Court.



## CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT .....	1
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES .....	3
NOTES TO FINANCIAL STATEMENT .....	6
NOTES TO FINANCIAL STATEMENT .....	7
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS .....	11





EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable George M. Plummer, Lewis County Judge/Executive

Honorable Shirley A. Hinton, Lewis County Clerk

Members of the Lewis County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Clerk of Lewis County, Kentucky, for the year ended December 31, 2000. This financial statement is the responsibility of the County Clerk. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Clerk for the year ended December 31, 2000, in conformity with the basis of accounting described above.

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable George M. Plummer, Lewis County Judge/Executive  
Honorable Shirley A. Hinton, Lewis County Clerk  
Members of the Lewis County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated April 6, 2001, on our consideration of the County Clerk's internal control over financial reporting and on our tests of its compliance with certain laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
April 6, 2001



LEWIS COUNTY  
SHIRLEY A. HINTON, COUNTY CLERK  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 2000

Receipts

State Fees For Services	\$	2,535	
Fiscal Court			4,447
Licenses and Taxes:			
Motor Vehicle-			
Licenses and Transfers	\$	274,582	
Usage Tax		528,800	
Tangible Personal Property Tax		576,285	
Licenses-			
Fish and Game		11,047	
Marriage		4,485	
Occupational		1,521	
Deed Transfer Tax		13,062	
Delinquent Tax		52,114	1,461,896
Fees Collected for Services:			
Recordings-			
Deeds, Easements, and Contracts	\$	10,658	
Real Estate Mortgages		9,672	
Chattel Mortgages and Financing Statements		49,401	
All Other Recordings		10,302	
Charges for Other Services-			
Candidate Filing Fees		700	
Copywork		2,550	83,283
Other:			
Notary Bonds	\$	288	
Late Filing Fees		516	
Miscellaneous		27	831
Interest Earned			421
Total Receipts			\$ 1,553,413

LEWIS COUNTY  
 SHIRLEY A. HINTON, COUNTY CLERK  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
 Calendar Year 2000  
 (Continued)

Disbursements

Payments to State:

Motor Vehicle-

Licenses and Transfers	\$	209,077	
Usage Tax		512,939	
Tangible Personal Property Tax		219,327	

Licenses-

Fish and Game		10,867	
Marriage Licenses		1,769	
Delinquent Tax		7,060	
Legal Process Tax		11,961	
		<u>11,961</u>	\$ 973,000

Payments to Fiscal Court:

Tangible Personal Property Tax	\$	61,700	
Delinquent Tax		8,646	
Deed Transfer Tax		12,408	
Occupational Licenses		959	
		<u>959</u>	83,713

Payments to Other Districts:

Tangible Personal Property Tax	\$	272,484	
Delinquent Tax		21,779	
		<u>21,779</u>	294,263

Payments to Sheriff 1,618

Payments to County Attorney 7,509

Operating Disbursements:

Personnel Services-			
Deputies Salaries	\$	79,785	
Employee Benefits-			
Other Payroll Disbursements		217	
Contracted Services-			
Printing and Binding		2,302	
Materials and Supplies-			
Office Supplies		18,781	

LEWIS COUNTY  
 SHIRLEY A. HINTON, COUNTY CLERK  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
 Calendar Year 2000  
 (Continued)

Disbursements (Continued)

Operating Disbursements: (Continued)

Other Charges-		
Bond	\$ 213	
Dues	400	
Postage	4,282	
Miscellaneous	<u>770</u>	\$ <u>106,750</u>
Total Disbursements		<u>\$ 1,466,853</u>
Net Receipts		\$ 86,560
Less: Statutory Maximum		<u>59,306</u>
Excess Fees		\$ 27,254
Less: Expense Allowance		<u>3,600</u>
Excess Fees Due County for Calendar Year 2000		\$ 23,654
Payments to County Treasurer - February 20, 2001		<u>23,654</u>
Balance Due at Completion of Audit		<u><u>\$ 0</u></u>

The accompanying notes are an integral part of the financial statement.

LEWIS COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 2000

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2000.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.28 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

LEWIS COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2000  
(Continued)

Note 2. Employee Retirement System (Continued)

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement System's annual financial report which is a matter of public record.

Note 3. Deposits

The County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. The County Clerk entered into a written agreement with the depository institution and met requirements (a), (b), and (c) stated above. However, as of April 5, 2000, the collateral and FDIC insurance together did not equal or exceed the amount on deposit, leaving \$262 of public funds uninsured and unsecured.

The County Clerk's deposits are categorized below to give an indication of the level of risk assumed by the County Clerk as of April 5, 2000.

	<u>Bank Balance</u>
Collateralized with securities held by pledging depository institution in the county official's name	\$ 51,933
Calateralized with Federal Deposit Insurance Corporation	100,000
Uncollateralized and uninsured	<u>262</u>
Total	<u>\$ 152,195</u>

THIS PAGE LEFT BLANK INTENTIONALLY

REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS







EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable George M. Plummer, Lewis County Judge/Executive

Honorable Shirley A. Hinton, Lewis County Clerk

Members of the Lewis County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards

We have audited the Lewis County Clerk as of December 31, 2000, and have issued our report thereon dated April 6, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Lewis County Clerk's financial statement as of December 31, 2000, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Lewis County Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
April 6, 2001

